



# 2014 Benefit Plan Changes

October 29, 2013

# Background

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- Claims experience justified 16.8% medical premium increase for 2014
- Decision to explore plan changes; consistent with BLMC goals:
  - Provide access to high quality health care at lowest possible cost
  - Limit annual premium increase to 5%
  - Encourage enrollment in more efficient, lower cost Elect and Essential networks
  - Evolve wellness program; reward those who complete it

# Annual Deductibles and Out-of-Pocket Maximums

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- Deductible will increase
  - From \$1,000 to \$2,000 for an individual
  - From \$2,000 to \$4,000 for a family
- Out-of-pocket maximum will increase
  - From \$2,000 to \$3,000 for an individual
  - From \$4,000 to \$6,000 for a family

# Other Health Plan Changes

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Modify “non-standard” provisions:

- Retail prescriptions limited to a 31-day supply (instead of 34 days)
- 100% coverage for most preventive care services limited to in-network providers
- Member payments toward deductible during 4th quarter not applied to next year’s deductible

# Plan Design

Item	In Network Coverage
Preventive Care	Plan pays 100%
Annual Deductible	\$2000 per individual
	\$4000 per family
Co-Insurance	Member pays 20%
Annual Out of Pocket Maximum	\$3000 per individual
	\$6000 per family
Prescription Drugs	\$10 co-pay tier 1
	\$25 co-pay tier 2
	\$50 co-pay tier 3

# Monthly Employee Contributions

Medica Network	Premium Level	2013 Rate	2014 Rate
Elect / Essential - Single	Wellness	\$41.72	\$33.11
Elect / Essential - Family	Wellness	\$144.77	\$143.42
Elect / Essential - Single	Standard	\$71.72	\$67.60
Elect / Essential - Family	Standard	\$244.77	\$239.97
Choice Passport – Single	Wellness	\$61.58	\$67.60
Choice Passport – Family	Wellness	\$225.16	\$239.97
Choice Passport – Single	Standard	\$91.58	\$104.27
Choice Passport - Family	Standard	\$325.16	\$342.68

# Impact of Plan Changes

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- 2014 premium increase = 3.4%
- Deductible & out-of-pocket maximum changes impact minority of plan members (25% in 2012; 7% over a 3-yr period)
- Keeps increases in monthly premiums, which are paid by all, to a minimum
- Consistent City contributions result in further incentive to select Elect & Essential networks
- More competitive plan design (typically, HRA contribution equals 50% of deductible)



# Plan Eligibility Changes

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- Employees may not be covered twice under the City's medical plan
- Employees who retire after Dec 31, 2013 and decline continued City-sponsored medical coverage cannot re-enroll in the future



# HRA/VEBA and Life Insurance

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## HRA/VEBA

- No change to monthly City contribution;  
single = \$90/month , family = \$190/month
- Additional lump sum contribution of \$200 for employees who complete additional wellness activities

## Life Insurance

- Employer-paid benefit will increase from flat rate of \$10,000 to one times annual salary up to a limit of \$50,000

# Future Focus

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- Medical plan design will continue to evolve to comply with Affordable Care Act and address member demographics and health risks
- Funding alternatives
- Vendor management and integration
- Employee/City cost sharing
- Refined and targeted wellness programming
- Legislative reform



**Thank you!**